

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

**IN RE:**

**STANADYNE LLC, *et al.*,<sup>1</sup>**

**Debtors.**

**Chapter 11**

**Case No. 23-10207 (TMH)**

**(Jointly Administered)**

**Re: Docket No. 297**

**OBJECTION OF KENDRION AND KENDRION (SHELBY) INC. TO CURE AMOUNT**

Kendrion (Villingen) GmbH (“Kendrion (Villingen)”) and Kendrion (Shelby), Inc. (“Kendrion (Shelby)”), by their undersigned counsel, object to the proposed Cure Amount set forth in the *Notice to Contract Parties to Potentially Assumed, Assigned, and Sold Executory Contracts and Unexpired Leases* [ECF Doc. No. 297] (the “Notice”) as follows:

1. The Notice lists “Kendrion” at item number 122 with no Cure Amount (which presumably means a \$0.00 cure amount), pertaining to the “Master Supply Agreement dated August 26, 2011 Between Stanadyne Corporation and Kendrion Binder Magnete GmbH, as amended”, (Kendrion Binder Magnete GmbH is now known as Kendrion (Villingen), (the “Master Supply Agreement”).

2. The Notice also lists “Kendrion (Shelby) Inc.” at item number 123 with no Cure Amount (which presumably means a \$0.00 cure amount) pertaining to the “Amendment to Addendum to Master Supply Agreement dated February 24, 2017 between Stanadyne Corporation, Inc. and Kendrion Shelby, Inc.” and “Kendrion MSA 202 V12 dated August 10, 2020 between

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number are: Stanadyne LLC (0378); Pure Power Technologies, Inc. (5202); Stanadyne PPT Holdings, Inc. (2594); and Stanadyne PPT Group Holdings, Inc. (1734). The Debtors’ headquarters are located at 405 White Street, Jacksonville, North Carolina 28546.

Stanadyne LLC and Kendrion Shelby-Inc.” (the “Amendment”). The Master Supply Agreement and the Amendment are hereinafter collectively referred to as the “Contract”.

3. Kendrion (Shelby) is an indirect wholly-owned subsidiary of Kendrion (Villingen).

4. Kendrion (Shelby) filed a proof of claim on May 16, 2023 in the amount of \$1,026,396.27, of which \$327,376.05 is owed pursuant to 11 U.S.C. § 503(b)(9), designated as Claim No. 321.

5. Kendrion (Shelby) is a party to a Critical Vendor Agreement (the “CVA”) with Debtors, dated March 17, 2023, which provides for certain payments to Kendrion (Shelby) in accordance with the terms and conditions of the CVA. As of the date of the Notice (May 23, 2023), Kendrion (Shelby) was still owed payments of \$323,555.04, payment of which is necessary to cure the pre-petition arrearage to Kendrion (Shelby) under the Contract. As of the date of this Objection, the balance owed to Kendrion (Shelby) under the CVA is \$229,940.04.

6. In addition to the amounts set forth in paragraph 5, above, Stanadyne purportedly paid Kendrion (Shelby) the amount of \$46,215.00 under the CVA for the payment due the week of April 24, 2023 and \$146,807.66 for post-petition amounts due, for a total of \$193,022.66. However, that payment was sent to an improper account, which did not belong to Kendrion (Shelby) and to which neither Kendrion (Shelby) nor Kendrion (Villingen) is a beneficiary legally or otherwise. At the date of submission of this Objection, Debtors’ counsel has advised that the funds have been recovered by Debtors’ bank, and expects that they will be paid to Kendrion (Shelby). Once paid, that amount will not be part of the Cure Amount, subject to paragraph 7, below.

7. Moreover, the CVA includes provision whereby the Debtors could potentially claw back certain payments made thereunder. Any claw back of such payments would increase the cure amount. Specifically, the CVA, at paragraph 13, provides:

If either the Critical Vendor Payment Program or your participation therein terminates as provided in the Orders, or you later refuse to continue your business relationship with the Company on Customary Business Terms during the pendency of the Bankruptcy Cases, the Company reserves all their rights to seek appropriate relief against you under applicable law, including but not limited to seeking to recover any payments you receive on account of your Critical Vendor claim as voidable post-bankruptcy transfers pursuant to section 549(a) of chapter 11 of title 11 of the United States Code. The Company may take any and all appropriate steps to cause you to repay any payments you received on account of your Critical Vendor Claim to the extent that the aggregate amount of such payments exceeds the post-petition obligations then outstanding.

Kendrion (Shelby) asserts, and to the extent required also for and on behalf of Kendrion (Villingen), – that the actual Cure Amount cannot be definitively determined unless and until all of the conditions of the CVA are fully satisfied and the possible contingencies of termination of the CVA no longer exist.

8. Based on the foregoing, Kendrion (Shelby) objects, and to the extent required also for and on behalf of Kendrion (Villingen), to the proposed Cure Amount of \$0.00. Kendrion (Shelby) furthermore asserts, and to the extent required also for and on behalf of Kendrion (Villingen), that the Cure Amount should be no less than \$323,555.04, without prejudice to seek additional amounts that may be owed as a result of any modification or cancellation of the CVA, or as a result of the amounts erroneously paid by Stanadyne to a third party.

9. To the extent that Debtors assert that there is a contract with Kendrion (Villingen) separate and apart from the Contract with Kendrion (Shelby), or as referenced in the CVA, Kendrion (Villingen) authorized Kendrion (Shelby), to the extent required, to act on its behalf and to assume its position, rights and obligations in regard of these proceedings, including the

submission of this Objection and furthermore herewith preserves all rights relative to any such contract, and objects that the proposed Cure Amount is not accurately reflected.

10. Kendrion (Shelby) and Kendrion (Villingen) each reserve the right to withdraw their Objection or revise the relevant Cure Amount; depending on the timing of the actual assumption and cure, the amount owed to Kendrion (Shelby) and/or Kendrion (Villingen) may change based on payments under the CVA and unpaid post-petition obligations.

Dated: June 8, 2023  
Wilmington, Delaware

/s/ Michael W. Yurkewicz

**KLEHR HARRISON HARVEY  
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